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October 13, 1998

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 Street, NW, Room 222
Washington, DC 20554

RECEIVED
OCT 13 1998
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: WT Docket No. 96-18 Ex Parte Presentation

Dear Ms. Roman Salas:

In accordance with Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, this is to notify the Commission that on October 9, 1998, Robert L. Hoggarth and I met with Dan Phythyon, Jeanine Poltronieri, Janet Sievert, Diane Conley, and Todd Slamowitz concerning WT Docket No. 96-18.

The purpose of this meeting was to discuss PCIA's proposals for market area licensing for paging, as reflected in its pending petition for reconsideration in this docket. The subjects discussed are fully set forth in the enclosed materials, which were left with the participants from the Commission's staff. In addition, the meeting participants discussed PCIA's submission of a written *ex parte* document recapping its position on open issues in this docket and possible timing matters.

Two copies of this letter and the associated presentation materials are being filed with the secretary's office, as required by Section 1.1206.

Should you have any questions regarding this matter, please call me.

Respectfully submitted,


Katherine M. Harris

KMH/rg
Enclosures

cc: Dan Phythyon Diane Conley
Jeanine Poltronieri Todd Slamowitz
Janet Sievert

THE COMMISSION MUST MAKE SEVERAL CHANGES TO ITS PROPOSED SYSTEM FOR AUCTIONING MARKET AREA LICENSES FOR PAGING FREQUENCIES

These suggestions reflect positions articulated by PCIA in its Petition for Reconsideration of the *Second Report & Order*.

1. PCIA believes that the public interest will best be served by adoption of its proposal to permit grant of a market area license to incumbents serving 70 percent or more of the subject license area without having to face any competing applications. In lieu of that approach, however, it is essential that the Commission make significant changes to its recently adopted auction rules in this docket to minimize the filing of unscrupulous applications that do not reflect a serious intent to provide service to the public.
2. The Commission should not permit a "substantial service" alternative for market area licensees to meet applicable coverage requirements.
 - a) The "substantial service" alternative provides the incentive and opportunity for both speculators and fraudulent application mills to take advantage of the Commission's auction process at the expense of the public interest.
 - b) Service to the public may be delayed, or the holder of the market area license simply may use its license to block expansion by incumbent operators in the market as well as in adjacent service areas.
3. The Commission should eliminate use of the "all" box on the application form and instead require applicants to specify the particular frequency/market combinations for which they are seeking a license.
 - a) The easy ability simply to check the "all" box may create mutually exclusive situations where they do not actually exist.
 - b) The availability of the "all" box permits entities to sign up to bid even without giving serious thought to each and every system they are seeking authorization to construct and operate.

THE COMMISSION MUST MAKE SEVERAL CHANGES TO ITS PROPOSED SYSTEM
FOR AUCTIONING MARKET AREA LICENSES FOR PAGING FREQUENCIES

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4. Applicants should be required to post an upfront payment for each and every license on which they seek to bid.
 - a) Requiring a per license upfront payment will help to ensure that auction participants are sincere in their participation and their intent to provide service to the public.
 - b) This approach also would help to deter the activities of fraudulent application mills, by requiring a greater financial investment.
5. The Commission should provide complete bidding information, specifically including the identify of competing bidders, during the course of the auctions.
 - a) The Commission's decision to withhold significant identification information is inconsistent with its usual approach to maximizing information flow related to auctions.
 - b) The existing policy likely will place incumbents at a disadvantage vis-a-vis their competitors.

**PCIA'S PETITION FOR RECONSIDERATION OF THE
SECOND REPORT AND ORDER
FILED APRIL 11, 1997**

Reserving its rights to ultimately appeal any auction rules, PCIA sought modifications to the Commission's new rules. Those modifications are detailed below.

1. An incumbent licensee providing coverage to 70 percent or more of the population of a geographic service area should have sole initial eligibility to seek the license for that area.
2. In order to deter speculators and unscrupulous application mills, the FCC should not permit a "substantial service" alternative for market area licensees to meet applicable coverage requirements.
3. To ensure that every applicant has given consideration to the licenses for which it seeks to bid, applicants should be required to post an upfront payment for each and every license on which they propose to bid.
4. The Commission should provide complete bidding information, specifically including the identity of competing bidders, during the course of the auctions.
5. Because the protection to be afforded 929 MHz incumbent non-exclusive licenses by market area licensees would effectively grant them exclusivity where it has not been earned, the Commission should revise the standard.
6. The Commission should process all applications pending as of February 19, 1997, under the rules in effect prior to the adoption of the *Second Report and Order*.
7. The Commission should hold auctions for the lower band frequencies first, followed by auctions for the 929/931 MHz frequencies.
8. The Commission should replace MTAs with MEAs as the basis of geographic license areas for exclusive 929 and 931 MHz frequencies.
9. Due to the special characteristics of the paging industry, bidding credits and installment payments for designated entities are unnecessary.
10. The Commission should establish a safe harbor from the anti-collusion rules for carriers engaged in acquisition negotiations or inter-carrier agreements.

PCIA'S PETITION FOR RECONSIDERATION
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11. The Commission should clarify that all facilities constructed pursuant to the grant of a geographic area license must be terminated if the licensee fails to meet applicable coverage requirements.